



T. Rowe Price Survey Reveals 65 Percent of Kids Approach Parents to Discuss Money Issues, Yet Discussions May Not Be as Impactful as Desired

Only 19% of Parents Grade Themselves an 'A' When it Comes to Their own Financial Comprehension

BALTIMORE, April 27, 2010 /PRNewswire via COMTEX News Network/ -- According to the second annual T. Rowe Price *Parents, Kids & Money Survey*, 65 percent of kids are approaching their parents to discuss money issues. In addition, 48 percent of parents indicate that compared to a year ago they are having more conversations with their children about money and the basics of saving vs. spending, while only five percent are having fewer such conversations. However, the survey also reveals that these conversations may not be resonating as well as parents hoped.

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For example, while 94 percent of parents who give an allowance to their children say they discuss how it should be handled, a majority of kids sometimes spend it all at once and 39 percent always or sometimes come back for more. Similarly, while 80 percent of parents say they are having conversations with their children about money at least once every few weeks, they also report that fewer than half of their kids use the lessons on a regular basis, and nearly 60 percent quickly forget the lessons or need periodic reminding.

The survey coincides with April's Financial Literacy Month, recognized as an effort to highlight the importance of financial understanding and help Americans establish and maintain healthy financial habits.

"The need for financial education has never been greater," says Stuart Ritter, CFP(R), a T. Rowe Price financial planner. "So, while we're pleased to see family money conversations happening more often, unfortunately we've learned that greater frequency of conversations may not always equate to quality of conversations. It is important for parents to take stock of the financial lessons they are passing on and take steps to improve their own financial education and well-being."

Facilitating family financial conversations and helping convey basic money lessons is one reason T. Rowe Price collaborated with Walt Disney Imagineering and Walt Disney Parks and Resorts Online to create *The Great Piggy Bank Adventure(SM)*, which offers lessons on goal setting, spending vs. saving, inflation, and diversification. Launched in 2009, *The Great Piggy Bank Adventure(SM)* comes to life through a free online board game at www.thegreatpiggybankadventure.com and through a hands-on, interactive experience at INNOVENTIONS at *Epcot(R)* at the *Walt Disney World(R)* Resort in Florida.

"Improving your child's financial understanding can also be as easy as using a trip to the grocery store as a teachable moment," Ritter says. "Using everyday examples helps to reinforce money lessons and makes these lessons more memorable. In fact, there is a growing consensus that kids are not only able to understand basic concepts about money much sooner than many parents believe, but that starting to teach kids about money at a younger age will better prepare them to make smart financial decisions throughout their lives. Fortunately, parents agree with the importance of starting early, with eight out of 10 parents surveyed believing that money lessons should be introduced before age 10."

Other survey findings include:

- **Parents Grade Themselves 'B-' on Financial Report Card:** Fewer than 20 percent of parents grade themselves an "A" when it comes to their overall understanding of basic saving and investing principles. On average, parents grade themselves a "B-," with one in three giving themselves a "C" or lower. While parents tend to have a better understanding of setting goals, how to save, and smart spending, they are less knowledgeable about the topics of inflation and diversification.
- **Moms Are More Proactive Educators:** For 60 percent of families, one spouse is more proactive in discussing money and the basics of saving and spending with the children. In those households, 59 percent of the time it is the Mom who is more proactive in taking on the role of financial educator.
- **Parents Feel They Can do More:** Although financial discussions are happening more often, there's still room for

improvement as 54 percent of parents say they could be doing more to teach their children about money. Likewise, more than one-third of parents do not believe they are doing all they can to empower their children to make sound financial decisions by the time they are 18.

With the survey results in mind, following are a few family financial education tips from T. Rowe Price:

- **Help Your Kids Set Savings Goals** - Although goal setting is a critical first step in financial planning, it is often overlooked. Help your kids set short- and long-term goals (e.g. video game, new bike, college), and they will be better equipped to make smart saving and spending decisions.
 - Survey Says: 43 percent of children don't have a really good understanding of how to set goals.
- **Take Advantage of Teachable Moments** - Regular occurrences such as grocery and clothes shopping, receiving money as gifts, banking and paying bills, and giving an allowance can become real-life "teachable moments." These are ideal times to impart or reinforce core financial lessons around setting goals, saving and spending wisely, inflation, and diversification.
 - Survey Says: Most parents acknowledge that they do not always leverage these occasions.
- **Hold a Dedicated Family Financial Game Night** - Turn financial education into a fun and interactive family activity by playing [The Great Piggy Bank Adventure](#) online game together. With financial lessons embedded into the game play, kids will learn without realizing it. And, with the common experience of playing the game together, parents can easily refer back to it to help them turn everyday activities into teachable moments.
 - Survey Says: While more than half of families have regular game nights where they play board or video games, dedicated financial nights are not the norm, with 70 percent of parents saying they rarely or never have them. Of those, the primary reason (44 percent) is they never thought of it.

To further parents' financial education, T. Rowe Price also hosts a Family Center section on the firm's website. The T. Rowe Price Family Center (www.troweprice.com/trowefamilycenter) features real-life stories from parents about how they are taking the financial lessons they learned and are passing them on to their children at an early age. The site also serves as a gateway to *The Great Piggy Bank Adventure*(SM) online board game and links to T. Rowe Price financial tools, calculators, and investment information.

The Second Annual T. Rowe Price *Parents, Kids & Money Survey* was conducted online by MarketTools, Inc. among Moms and Dads of children ages 8 to 14, capturing parents' attitudes and behaviors toward teaching their children about money. The study has a sample size of 505 and the margin of error is +/- 5.0%. The study was fielded March 15 to March 19, 2010. Full survey statistics are available.

Founded in 1937, Baltimore-based T. Rowe Price (Nasdaq: TROW) is a global investment management organization with \$419.0 billion in assets under management as of March 31, 2010. The organization provides a broad array of mutual funds, sub advisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers a variety of sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research. More information is available at www.troweprice.com.

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Related Links:

[Downloadable photos of The Great Piggy Bank Adventure online game and Epcot\(R\) experience, as well as survey result graphics](#)

[The Great Piggy Bank Adventure free online board game](#)

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